

fleeing from East Germany and Romania. Perhaps more importantly, the Government has allowed political associations to form and has scheduled free elections for 1990.

America must seize this opportunity to turn back communism and totalitarianism and promote freedom and democracy. The provisions on Poland and Hungary included in this bill will move us in that direction.

The Polish and Hungarian people have the tenacity to fight the war for freedom and reform if we provide the ammunition. But to succeed, they need our assistance in reviving their economies. They need investments, business experience, training, and a belief that they have the manifest power of the free world behind them.

I urge my colleagues to send a signal of support for the movement toward freedom and democracy in Poland and Hungary by supporting this bill.

By Mr. MATSUNAGA:

S. 1642. A bill to extend the existing suspension of duty on certain knitwear fabricated in Guam; to the Committee on Finance.

EXTENSION OF DUTY SUSPENSION ON CERTAIN KNITWEAR

Mr. MATSUNAGA. Mr. President, I am today introducing legislation which will extend the existing duty suspension on hand-knitted wool sweaters assembled in Guam from pre-shaped parts and imported into the customs territory of the United States. At present, the duty is suspended through December 31, 1992, on these articles. This legislation, identical to a bill introduced in the House by Congressman BLAZ of Guam, proposes to extend the suspension through October 31, 1996.

Mr. President, apparel manufacturers provide a major sector of private employment in Guam. The legislation which I am introducing is important to Guam to provide an incentive to continue the development of a viable private sector in its economy. Production in Guam that is exported into the U.S. customs territory is subject to an existing import restraint agreement which would not be affected by this legislation. I urge the adoption of this legislation by the Senate.

By Mr. DIXON:

S. 1643. A bill to provide protection to consumers in connection with certain telephone services; to the Committee on Commerce, Science, and Transportation.

TELEPHONE OPERATOR SERVICE CONSUMER PROTECTION ACT

Mr. DIXON. Mr. President, today I am introducing the Telephone Operator Service Consumer Protection Act of 1989.

This bill is designed to eliminate the practices of alternative operators which have frustrated consumers over the past several years. The FCC alone has received over 2,000 complaints, not to mention the letters that each of our

offices have been assailed with. I continue to receive letters and phone calls from fellow Illinoisians who try to make long-distance phone calls from hotels, restaurants, or rest stops, and continue to be frustrated in their attempts to access the long-distance carrier of their choice.

These consumers have legitimate complaints. Alternative operator services [AOS] provide alternative long-distance service, typically from hotels and pay phones. The original practice of the AOS companies was not to allow a consumer to charge their phone call to their own long-distance provider. Also, billing practices were such that consumers could receive a long-distance phone bill from a city they were never in, and then were charged an amount in excess of AT&T rates.

Mr. President, these conditions are just not acceptable. The Federal Communications Commission [FCC] has issued regulations to prohibit such practices, but the AOS providers have been reluctant to fully comply. The House is considering legislation which will eliminate most of their objectionable practices. The House solved this problem by putting into statute reasonable restrictions, but even that hasn't gone quite far enough. The legislation I am introducing to day has a much better chance of solving these problems.

Mr. President, I would like to elaborate on two areas that are strengthened in this legislation. Consumers are particularly burdened by two practices—blocking, and call splashing. Blocking is a practice which doesn't allow a customer to access the long-distance carrier of their choice. To be effective, legislation must eliminate this practice altogether. This legislation creates a disincentive for the owners of the telephones—aggregators such as hotels, airports, hospitals, and so forth—who control the equipment. Aggregators which continue the practice of blocking will not be eligible for commissions from their preselected carriers. Also, in blocked locations, the carrier will not be able to charge a rate in excess of the lowest tariff rate of any other carrier in the industry.

Therefore, if an aggregator and its preferred carrier want to charge their customers higher rates, they must provide ready access to all other carriers. If the aggregator rate is too high, customers will switch to the more reasonably priced carrier. Over time, this will bring rates down to a reasonable level.

The second practice that must be eliminated is call splashing. Call splashing occurs when an operator service provider does not have the capacity to complete a call. The call is transferred at some point along the route to another long-distance provider. The customer will then receive two bills—one from the carrier the call was placed with, and a second from the carrier who completed the call from the location from which the call was

transferred. This results in the customer receiving a bill from a location he doesn't recall making a call to or from. The legislation I am introducing totally eliminates this practice, and all the unnecessary confusion and inconvenience that it causes.

Mr. President, our constituents deserve prompt attention to this matter. I urge my colleagues to join me in supporting this important legislation, and also look forward to the prompt consideration of this bill.

Mr. President, I ask unanimous consent that a copy of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1643

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Telephone Operator Service Consumer Protection Act of 1989".

SEC. 2. FINDINGS.

The Congress hereby finds that—

(1) the divestiture of AT&T and decisions allowing open entry for competitors in the telephone marketplace produced a variety of new services and many new providers of existing telephone services;

(2) the growth of competition in the telecommunications market makes it essential to ensure that safeguards are in place to assure fairness for consumers and service providers alike;

(3) a variety of providers of operator services now compete to win contracts to provide operator services to hotels, hospitals, airports, and other aggregators of telephone business from consumers;

(4) the mere existence of a variety of service providers in the operator services marketplace is significant in making that market competitive only when consumers are able to make informed choices from among those service providers;

(5) however, often customers have no choices in selecting a provider of operator services, and often customers' attempts to reach their preferred long distance carrier by a telephone billing card, credit card, or prearranged access code number are blocked;

(6) a number of State regulatory authorities have taken action to protect consumers using intrastate operator services;

(7) from January 1988 through February 1989, the Federal Communications Commission received over 2,000 consumer complaints about operator services;

(8) these consumers have complained that they are denied access to the interexchange carrier of their choice, that they are deceived about the identity of the company servicing their calls and the rates being charged, that they lack information on what they can do to complain about unfair treatment by an operator service provider, and that they are, accordingly, being deprived of the free choice essential to the operation of a competitive market; and

(9) a combination of industry self-regulation and government regulation is required to ensure that competitive operator services are provided in a fair and reasonable manner.

SEC. 3. RULEMAKING REQUIRED.

(a) INITIATION OF PROCEEDINGS.—The Commission shall, within 30 days after the date

of the enactm. Act, initiate a proceeding pursuant to title II of the Act to establish regulations to protect consumers who use operator services to place interstate telephone calls from unfair and deceptive practices and to ensure that consumers have the opportunity to make informed choices in making such calls.

(b) **TIMING AND CONTENTS OF REGULATION.**—The regulation required by subsection (a) shall—

(1) be prescribed not later than 120 days after the date of enactment of this Act;

(2) contain provisions to implement each of the requirements of section 4(a);

(3) for purposes of administration and enforcement, be treated as regulations prescribed by the Commission pursuant to title II of the Act; and

(4) take effect not later than 90 days after the date of issuance of such regulations.

SEC. 4. MINIMUM REQUIREMENTS.

(a) **REGULATION REQUIREMENTS.**—The regulations required by section 3 shall, at a minimum—

(1) require that the provider of the operator services—

(A) identify itself, audibly and distinctly, to the consumer prior to the consumer incurring any charges; and

(B) permit the consumer to terminate the telephone call at no charge;

(2) require that the provider of operator services ensure, by contract or tariff, that each aggregator post on or near the telephone instrument, in plain view of consumers—

(A) the name, address, and toll-free telephone number of the provider; and

(B) a written disclosure that consumers have a right to obtain access to the interstate common carrier for information on accessing that carrier's service using that telephone;

(3) require that the provider of operator services disclose immediately to the consumer, upon request—

(A) a quote of its rates or charges for the call;

(B) the methods by which such rates or charges will be collected; and

(C) the methods by which complaints concerning such rates, charges, or collection practices will be resolved;

(4) require that the provider of operator services—

(A) neither require nor participate in the blocking of any consumer's access to the interstate common carrier of the consumer's choice;

(B) assure, by contract or tariff, that its aggregators neither require nor participate in the blocking of access to such interstate common carriers, except that the Commission may grant limited, temporary waivers to particular providers of operator services for a particular access code upon a showing that such waiver is necessary to prevent fraud; and

(C) withhold payment of any commissions to aggregators at locations at which any blocking of access to any interstate common carrier occurs, and to limit charges for each interstate call at such locations to the lowest rate currently on file at the Commission among all other interstate carriers;

(5) require—

(A) that any equipment manufactured or imported more than 18 months after the date of enactment of this Act and installed by any aggregator shall be technologically capable of providing consumers with access to interstate interexchange carriers through the use of access codes approved by the Commission;

(B) that existing equipment used by aggregators be upgraded to comply with the

requirements imposed pursuant to subparagraph (A) of this paragraph, except that the Commission may waive such requirements by rule or order with respect to any class or category of equipment if the Commission determines that the benefits of applying such requirements to such equipment do not justify the cost; and

(C) any other actions or measures that the Commission considers necessary to ensure that aggregators are not exposed to undue risk of fraud;

(6) establish requirements that—

(A) prohibit the provider of operator services from knowingly charging for uncompleted telephone calls;

(B) prevent, after consideration of the advice of the carrier liaison committee convened by the Commission by its order of February 27, 1989, consumers from being charged for a distance that is more than the distance, in a straight line, between the calling party's points of origination and termination of the telephone call;

(C) require that any consumer billing an interexchange telephone call on a billing card which (i) is provided by an interstate interexchange common carrier, and (ii) permits the identification of that carrier, is billed at a rate not greater than the rate of that common carrier for that call, unless the calling party requests a special service that is not available under tariff from that common carrier or consents to a different charge; and

(D) prohibit call splicing;

(7) establish minimum standards for providers of operator services to use in the routing and handling of emergency telephone calls; and

(8) establish a policy for requiring common carriers to make public information about recent changes in operator services and charges available to consumers in that market.

(b) **CONSIDERATION OF COMPENSATION.**—In conducting the rulemaking required by section 3, the Commission shall consider the need to prescribe compensation (other than advance payment by consumers) for owners of competitive public pay telephones for calls routed to carriers other than the designated provider of operator services for such telephones.

SEC. 5. DETERMINATIONS OF RATE COMPLIANCE.

(a) **FILING OF INFORMATIONAL TARIFF.**—The Commission shall require each provider of operator service to file, within 30 days after the date of enactment of this Act, and to maintain and keep open for public inspection, an informational tariff specifying rates, terms, and conditions, and including commissions, surcharges, or other fees which are collected from consumers, with respect to calls for which operator services are provided.

(b) **REVIEW OF INFORMATIONAL TARIFF.**—If the rates and charges filed by any provider of operator services under subsection (a) appear upon review by the Commission to be unjust or unreasonable, the Commission shall require such provider of operator services to demonstrate that its rates and charges are just and reasonable and reflect the reasonable costs of providing service, plus a reasonable profit.

(c) **PROCEDURE REQUIRED.**—(1) Within 30 days after the date of enactment of this Act, the Commission shall initiate a proceeding—

(A) to monitor operator service rates;

(B) to determine the extent to which offerings made by operator service providers are improvements, in terms of service quality, price, innovation, and other factors, over those available before the entry of new operator service providers into the market;

(C) to assess, both in the aggregate and by individual providers of operator services, op-

erator service rates, costs of service, incidences of service complaints, and service offerings; and

(D) to consider the effect that commissions and surcharges have on the overall rates charged to consumers.

(2) Not later than 9 months after the commencement of such proceeding, the Commission shall report to Congress on findings and conclusions of such proceeding. The Commission shall, during the pendency of such proceeding, provide the Congress with quarterly interim reports on the activities and progress to date.

(3) The requirement of subsection (d) shall not apply if, on the basis of the proceeding under paragraph (1) of this subsection, the Commission makes (and includes in the report required by paragraph (2)) a factual determination that market forces are securing rates and charges that are just and reasonable, as evidenced by rate levels, costs, complaints, service quality, and other relevant factors.

(d) **IMPLEMENTING REGULATIONS.**—Unless the Commission makes the determination described in subsection (c)(3), the Commission shall, within 90 days after submission of the report required by subsection (c)(2), complete a proceeding pursuant to title II of the Act to establish regulations for implementing the requirements of such title (and subsections (a) and (b) of this section) that rates and charges for operator services be just and reasonable.

SEC. 6. DEFINITIONS.

As used in this Act:

(1) The term "Commission" means the Federal Communications Commission.

(2) The term "the Act" means the Communications Act of 1934.

(3) The term "consumer" means a person initiating any interstate telephone call using operator services.

(4) The term "operator services" means any interstate telecommunications service that includes, as a component, any automatic or live assistance to a consumer to arrange for billing or completion, or both, of an interstate telephone call through a method other than—

(A) automatic completion with billing to the telephone from which the call originated; or

(B) completion through a carrier-specific access code number used by the consumer, with billing to an account previously established with the carrier by the consumer.

(5) The term "aggregator" means any person, that, in the ordinary course of its operations, makes telephones available to the public or to transient users of its premises for interstate telephone calls using a provider of operator services, and receives from an operator service provider by contract, tariff, or otherwise, commissions or compensation for calls delivered from that traffic aggregator's location to that operator service provider.

(6) The term "call splicing" means the transfer of a call from one operator service provider to another at a point which is different from the point at which the call originates.

By Mr. BAUCUS:

S. 1644. A bill to reduce the rates of the occupational taxes on certain retail dealers in liquor and retail dealers in beer to \$100 per year, to the Committee on Finance.

SPECIAL OCCUPATIONAL TAX ON LIQUOR AND BEER RETAILERS

Mr. BAUCUS. Mr. President, I rise to introduce legislation that would re-